

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 IGA-02 PA-01 PRS-01 FEA-01 ERDA-05
AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-07
FPC-01 H-01 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01
PM-04 USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00
ACDA-07 /102 W

-----091350Z 117359 /41

R 091241Z JAN 77
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC 753
INFO AMCONSUL DHAHRAN
AMEMBASSY JIDDA
AMEMBASSY DOHA
ABU DHABI 634
KUWAIT 3961

C O N F I D E N T I A L TEHRAN 0201

E.O. 11652: GDS
TAGS: PFOR ENRG IR SA
SUBJ: SAUDI-IRANIAN FACEOFF ON OIL PRICING

REF: (A) JIDDA 165 (B) TEHRAN 157(NOTAL)

1. REF A NOTED STATEMENT BY MOFA UNDERSECY NASSIR ASSAR WHICH APPEARED IN 2 FARSI PAPERS HERE JAN 6. DIRECT ATTACK ON YAMANI APPEARED SAME DAY IN RASTAKHIZ, OFFICIAL RESURGENCE PARTY PAPER, BY WAY OF EDITORIAL SAYING SAUDI INTENTIONS ON PRICE AND PRODUCTION HAD TO BE CLARIFIED. EDITORIAL SAID YAMANI WAS UNDERCUTTING HIS OWN ALLIES IN OPEC, ALL OTHER OPEC MEMBERS, THIRD WORLD COUNTRIES, AND EVEN CONSUMERS. RASTAKHIZ SAID IRAN WOULD BALCKLIST OIL COMPANIES WHO DIDN'T HONOR CONTRACTS. IT ADDED THAT GOI HAS BEFORE IT LISTS OF IRANIAN IMPORTS FROM OIL CONSUMERS AND HINTED IRAN WOULD ADJUST IMPORTS IF PURCHASE PATTERNS OF INDUSTRIAL STATES DIVERGED TOO MUCH FROM PAST. PIECE CLOSED BY SAYING YAMANI MUST REALIZE HE CANNOT GET AWAY WITH POLICY OF CREATING DIVISIONS BE-
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TWEEN COUNTRIES AND THAT US "OBVIOUSLY AWARE" OF "DELICATE SITUATION YAMANI'S POLICIES HAVE CREATED AND US WILL NOT GAIN FROM THEM". TRANSLATION WILL BE POUCHED DEPT AND JIDDA.

2. ASSAR STATEMENT JAN 6 SAID IRAN DISAGREES WITH SAUDI ARABIA ONLY OVER OIL PRICE -- ON MOST SUBJECTS, SAUDIS THINK SAME WAY IRAN DOES. NO FURTHER COMMENT ON OIL BROUHAHA HAS APPEARED SINCE

JAN 6.

3. VIEW FROM HERE SUGGESTS ASSAR STATEMENT DESIGNED TO MOLLIFY SAUDIS AND PUT RELATIONS BETWEEN 2 COUNTRIES IN PERSPECTIVE WITHOUT YIELDING EVEN A CENTIMETER ON OPPOSITION TO LOWER SAUDI OIL PRICE AND SAUDI INTENTION TO INCREASE PRODUCTION. FOR TIME BEING, GOI APPEARS TO BE 2-TRACKING ITS VIEWS ON OIL OUT OF REAL CHAGRIN (REF B) THAT SAUDIS MAY BE ABLE TO MAKE GOOD THEIR POLICY MIXED WITH REALIZATION THAT SAUDI-IRAN TIES MUST REMAIN CLOSE IN OTHER IMPORTANT AREAS. THIS VIEW REINFORCED BY REMARKS MADE BY SHAH IN WEEKEND INTERVIEW WITH US FINANCIAL JOURNALIST. SHAH INDICATED BOTH CONCERN SAUDIS WERE ACTUALLY GOING THROUGHT WITH PRODUCTION INCREASE, AND DISGRUNTLEMENT OVER WHAT THIS WOULD DO TO IRANIAN REVENUES FOR DEVELOPMENT.
MIKLOS

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